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## *Memorandum*

TO: BATA Oversight Committee

DATE: February 3, 2010

FR: Executive Director

W. I. 1251

RE: Resolution No. 91– Reimbursement of Past Expenses

### **Recommendation:**

Federal tax law authorizes an agency to reimburse past project expenses from the proceeds of future bond issues as long as the intent to reimburse is authorized by resolution prior to the financing. BATA has adopted three previous reimbursement resolutions for Regional Measures 1 and 2 (RM1 and RM2), as well as the Seismic Retrofit program.

The current threshold is \$9 billion and includes RM 1, RM2 and seismic work. Staff recommends increasing the threshold for reimbursement authorization to \$12 billion in order to accommodate the new Dumbarton and Antioch bridge seismic retrofit projects, as well as the potential debt financing of toll funding for certain MTC Resolution No. 3434 and transit rehabilitation projects.

This authority provides only for the reimbursement of approved project expenses. It does not authorize the issuance of bonds. The specific authority to issue bonds can only be undertaken within an approved financing resolution which includes financing type, principal amount, interest rate limits and limits on all issuance costs.

Staff recommends approval of Resolution No. 91 to increase the limit for expenses authorized to be reimbursed from debt financing to \$12 billion.

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Steve Heminger

SH:BM/cj